



THE CITY OF SAN DIEGO MANAGER'S REPORT

DATE ISSUED: October 11, 2000 REPORT NO. 00-216

ATTENTION: Land Use and Housing Committee
Agenda of October 18, 2000

SUBJECT: Otay Mesa Public Facilities Financing Plan and Facilities Benefit
Assessment

REFERENCE: Otay Mesa Public Facilities Financing Plan and Facilities Benefit
Assessment Fiscal Year 2001, Draft, October 2000

SUMMARY

Issue - Should the City Council: (1) approve the Otay Mesa Public Facilities Financing Plan Fiscal Year for FY 2001; (2) adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Otay Mesa; (3) adopt a Resolution of Designation; (4) approve the setting of Development Impact Fees (DIFs) consistent with the FBA in Otay Mesa; (5) authorize reimbursement payments/credits to Pardee Construction Company for Ocean View Hills Neighborhood Park No. 1 pursuant to a reimbursement agreement; and (6) authorize payments/credits to Greystone Homes, Inc. for Otay Valley Road pursuant to a reimbursement agreement?

Manager's Recommendation - Adopt the six resolutions.

Other Recommendations - At the October 4, 2000 meeting, the Otay Mesa Planning Group Facilities Financing Committee met on behalf of the full Group and recommended adoption of the draft Public Facilities Financing Plan and Facilities Benefit Assessment.

Environmental Impact - None by this action.

Fiscal Impact - Adoption of this Financing Plan and Facilities Benefit Assessment will continue to provide a funding source for the required public facilities.

Business Impact Statement - The Facilities Benefit Assessments in Otay Mesa have been increased to accommodate increasing public facilities costs and scheduling requirements.

This will result in an increase of the cost to develop projects in the community.

BACKGROUND

The proposed Otay Mesa Public Facilities Plan (PFFP) is the first annual update of the PFFP since November 1999 and incorporates changes that have occurred since then. These changes include: increase in the development schedule over the next few years; increased public facility costs due to inflation, project size and scope changes; changes in timing of several projects within the constraints of required timing thresholds; moving the Otay Mesa FBA contribution for SR-905 from FY 2015 to FY 2007; addition of an Industrial Acre category for the West Sub-area; and increases in the FBA rates to reflect the obligations to construct or reimburse for required facilities.

DISCUSSION

The PFFP details facilities that will be needed through the ultimate development of the Otay Mesa community which is presently estimated to be by the year 2030. Otay Mesa is a partially developed community with some community facilities in place. Council Policy 600-36 directs the City Manager to prepare an Annual Review for each FBA area. This proposed Public Facilities Financing Plan and Facilities Benefit Assessment has been prepared in accordance with that Policy.

The following substantive changes have occurred since the last update:

1. Based on approved plans and maps, the amount of developer projected development over the next few years has been increased. This somewhat offsets the increased project costs and required augmentation of certain park and library facilities which are population driven.
2. Two new neighborhood park projects have been added to serve proposed new residential developments in the Otay Mesa West Sub-area.
3. Park, library and fire facilities have had significant increases in cost which are reflected in the PFFP. Other projects, especially some transportation projects, have had cost increases due to scope changes; and the remaining transportation projects have had increased costs equivalent to the 4% inflation rate used in the PFFP.
4. Due to unrealized receipt of projected FBA fees, several projects in the community have been deferred. Where not constrained by agreements, components of the following projects have been deferred: Phase 2 of the Palm Avenue / I-805 Interchange; Phases 2 and 3 of Ocean View Hills Parkway reimbursement; a portion of the Robinhood Ridge reimbursement for Otay Valley Road; Robinhood Ridge Neighborhood Park No. 3 reimbursement; the Athletic Facilities project at Siempre Viva and Beyer, the south

Recreation Center and the south Neighborhood Park No. 6; Fire Station No. 6; and the Branch Library Expansion.

5. The contribution from the Otay Mesa FBA for SR-905 has been augmented from FY 2015 to FY 2007.
6. FBAs have been increased by 13% from the FY 2001 level of fees adopted as part of the previous PFFP update. For example, the FBA for single family dwelling units has increased from \$5,672 to \$6,409 per unit, and the FBA for industrial acres in the East Sub-area has increased from \$11,306 to \$12,776. These increases are necessary to accommodate the scheduling of required public facilities in the next few years.

Additionally, the FBA fee is also being increased due to several projects that involve commitments by the City to the State through cooperative agreements or for reimbursements to private developers. The commitments for near term expenditures include the Palm Avenue / I-805 Interchange; Reimbursement Agreement reimbursements to Pardee Construction Co. for Ocean View Hills Parkway and the first two neighborhood parks in the community, and to Lennar Communities for a portion of Otay Valley Road and for the third neighborhood park for the Robinhood Ridge development. The Cooperative Agreement with Caltrans requires phased construction of the interchange within specified traffic thresholds.

Facilities Benefit Assessment (FBA)

Table 9 of the FY 2001 PFFP identifies total remaining public facility needs based on estimated development at \$889,699,736, broken down as follows:

<u>AMOUNT</u>	<u>FUNDING SOURCE</u>	<u>PERCENTAGE OF TOTAL</u>
\$111,816,000	Developer/Subdivider	12.6%
\$46,632,763	East Sub-area FBA	5.2%
\$59,339,230	West Sub-area FBA	6.7%
\$671,251,743	Other (Primarily Caltrans Projects)	75.5%

The proposed FBAs for FY 2001 in Otay Mesa are proposed to be increased from the FY 2001 schedule in the PFFP for FY 2000 and are shown below.

	Proposed	
	<u>EAST FBA</u>	<u>WEST FBA</u>
Single Family Dwelling Unit	NA	\$6,409
Multiple Family Dwelling Unit	NA	\$4,487
Commercial Acre	\$38,714	\$36,854
Industrial Acre	\$12,776	\$12,819
OIC I100 Acre	\$12,776	NA
OIC I300 Acre	\$37,552	NA
OIC I400 Acre	\$49,941	NA

The proposed FBAs for FY 2001 represent a 13% increase over the FBAs from FY 2001 per the current PFFP. This includes a 4% inflation factor reflecting the Consumer Price Index in 1999 as described in Table 6 of the proposed plan. The costs of facilities are apportioned equitably among the undeveloped parcels within the Area of Benefit.

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties that have never been assessed or otherwise agreed to pay the Facilities Benefit Assessment for all other FBA areas. Therefore, it is recommended that the above proposed Fiscal Year 2001 Assessments also be adopted as Development Impact Fees for Otay Mesa.

The FBA will be collected at the time of building permit issuance and deposited into special interest earning accounts for Otay Mesa. Annually the City Council receives a status report on the program and authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the annual Capital Improvements Program budget.

Since the FY 2001 PFFP proposes an increase in the Facilities Benefit Assessment, the proposed Resolution of Intention will set a date for a public hearing. Prior to the public hearing, mailed notice will be given to all assessable property owners of developable land within the proposed area of designation indicating the date of the hearing and their right to file a protest with the City Clerk. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned.

Pursuant to a Reimbursement Agreement for Ocean View Hills Neighborhood Park No. 1 between the City of San Diego and Pardee Construction Company, Document No. RR-292665, January 18, 2000, funds and/or FBA credits not to exceed \$1,875,000 for FY 2001 have been programmed in this update of the FY 2001 PFFP. Pursuant to a Reimbursement Agreement for Otay Valley Road between the City of San Diego and Greystone Homes, Inc. (Lennar Communities), Document No. RR-293869, October 2, 2000, funds and/or FBA credits not to exceed \$352,500 have been programmed in this update of the FY 2001 PFFP. As mentioned

above, some obligations for FY 2001 and beyond have been deferred to keep the FBA increase as low as possible.

ALTERNATIVE

Do not adopt the proposed Public Facilities Financing Plan Fiscal Year 2001 and Facilities Benefit Assessment. This is not recommended because the proposed fees will ensure that new development contributes its proportionate share for new facilities identified in the community plan. In the absence of these fees, alternative funding sources will have to be identified to fund new development's share of the identified facilities or public facilities will have to be deferred or deleted.

Respectfully submitted,

S. Gail Goldberg, AICP
City Planner

Approved: George Loveland
Assistant City Manager

GOLDBERG/GRR

Attachment: 1. Draft Otay Mesa Public Facilities Financing Plan Fiscal Year 2001, October 2000. The size of this attachment precludes general distribution; a copy is available for review in the Office of the City Clerk.

Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk.